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26 August 1966

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CENTRAL INTELLIGENCE BULLETIN

CURRENT INTELLIGENCE
RELATING TO NATIONAL SECURITY

State Department review completed

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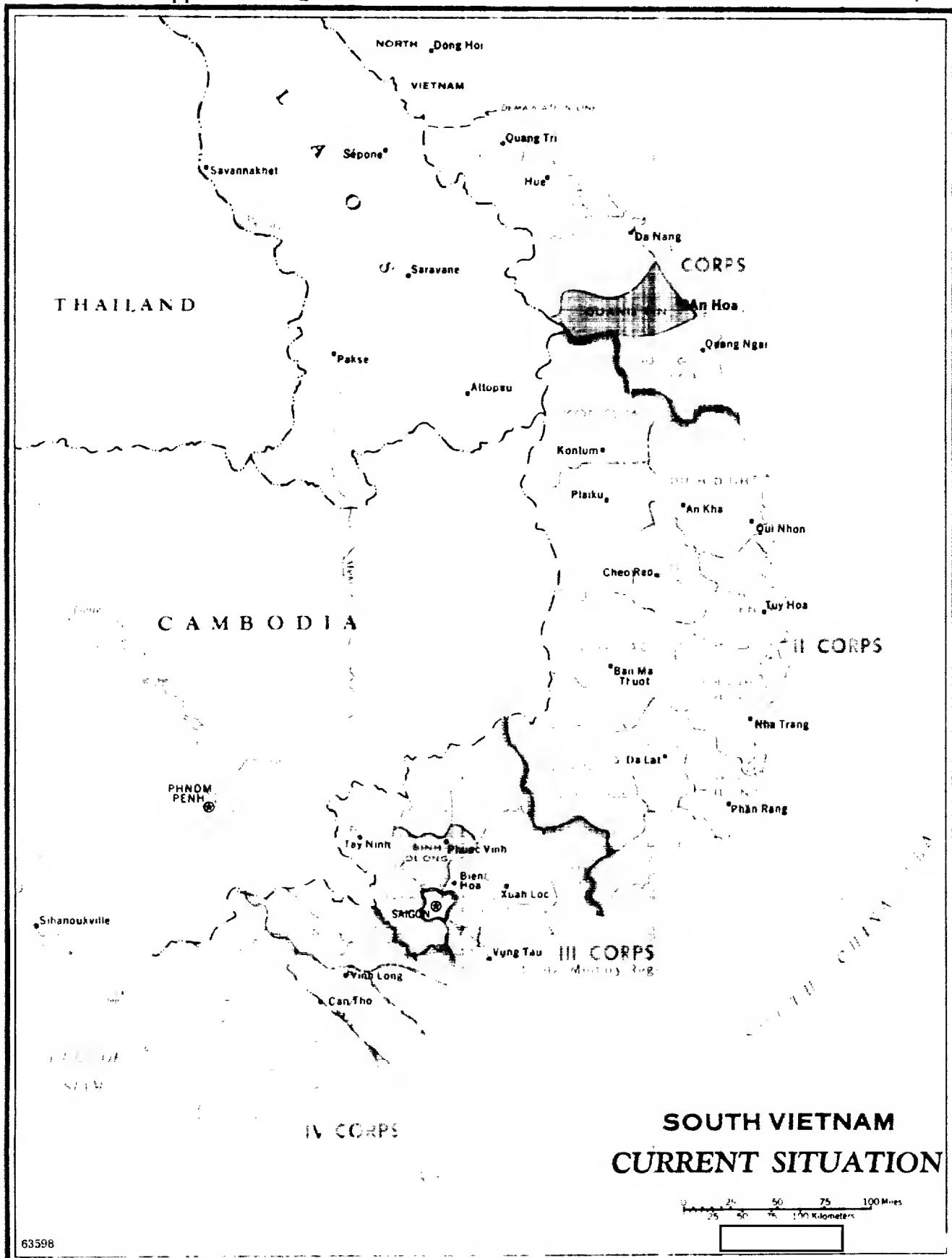
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***Vietnam:** (Information as of 4:30 AM EDT)

Political Situation in South Vietnam: The official two-week election campaign period begins today.

In a major public statement yesterday, Premier Ky appealed for a large voter turnout in the face of Viet Cong opposition. He pledged that the assembly election would be conducted honestly and invited foreign diplomats and newsmen to observe the campaign unhindered.

Numerous reports continue to be received indicating that the Viet Cong and the Buddhists are making plans to disrupt the elections.

Military Situation in South Vietnam: Four battalions of US troops were moved into Binh Duong Province on 25 August to reinforce a heavily engaged battalion of the US 1st Infantry Division. The battalion was attempting to secure a section of road some 30 miles north of Saigon. There have been no reports of enemy casualties. Thus far, US losses stand at seven killed and 135 wounded. (See Map)

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Communist China: The leadership is relying increasingly on elements outside the regular party apparatus to carry out new revolutionary excesses.

The use of teenage "Red Guards" to perform the activist function normally carried out by the regular party machinery is an indication of the extent to which Mao has lost confidence in the established structure and is bypassing it in his campaign to revitalize the revolution on his own radical pattern.

Units of rampaging youths are being formed in all major Chinese cities to attack traces of the old society and stimulate fervor among the people. The tactics employed--humiliation of "bourgeoisie" by mobs, changing the names of public places, and serpentine dancing in the streets to express enthusiasm--are similar to those used just after the Communist take-over in 1949. Such activities have been endorsed since 18 August in the official press and the Red Guards have been encouraged to criticize "mistakes" made by party organizations at all levels below the central committee itself.

This implied criticism of the old party machinery may have particular application to Liu Shao-chi, who was publicly humiliated at the 18 August turnout of party leaders. Liu may be on the way to complete disgrace and formal removal from all his posts. Since the rally on 18 August he has been completely out of the news. He has not performed the ceremonial duties that would normally be expected of the chief of state--most recently he failed to send formal congratulations to the Rumanians on their national day celebration. This has raised speculation in Peking diplomatic circles that he is not longer even chief of state.

(continued)

Liu's apparent fall dates from the 1-12 August central committee plenum; his stature seemed unquestioned in preceding weeks. His name had been appearing prominently in the press and as late as 22 July he made a major speech on Vietnam.

It now appears that the main issue at the plenum was whether the regular party machinery, in which Liu had for years been the leading figure after Mao, could be relied on to manage the cultural revolution. Mao evidently decided the party machinery could not longer be trusted. Indications of sharp controversy during the plenum suggest that old-guard leaders such as Liu may have opposed Mao and attempted to defend themselves.

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Chile-USSR: [A high Soviet leader may be planning a trip to Chile.]

[According to the British Embassy in Moscow, Chilean Foreign Minister Gabriel Valdes sounded out the British ambassador in Santiago during June and July as to the likely US reaction to a visit by party chief Leonid Brezhnev.]

[Of all the possible high-level Soviet visitors, Brezhnev seems the least likely. He would find it difficult to justify a trip to Chile while so many capitals of more radical states remain unvisited. The Chileans would hardly be so short-sighted as to encourage a trip obviously calculated to irritate the United States and Chile's Latin American neighbors.]

[There has been some discussion in recent months of a trip to Moscow by Chilean President Eduardo Frei. Valdes' interest is the first indication that a top Soviet may go to Chile. A visit by even some lower ranking figure would serve as an appropriate diplomatic gesture to mark the signing of the trade agreement which has been under negotiation for several months.]

[Moscow could expect a strong adverse reaction from Fidel Castro whatever the level of the Soviet visitor. Nonetheless, Moscow has demonstrated its willingness to ignore the Cuban leader's fulminations and to encourage somewhat closer state-to-state and trade relations with Chile, as well as with some other Latin American countries. However, should a top Soviet go to Chile, he might also stop off in Havana to pacify Castro.]

[The last high-level Soviet to visit Santiago was politburo member Kirilenko, who attended the Chilean Communist Party Congress last October--several months before Castro began his attacks on President Frei.]

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NOTES

Britain: [There is a strong possibility that the government will be unable to get approval of its freeze on wages from the powerful Trades Union Congress, which opens its annual conference on 5 September. Unions representing 3.4 million of the congress' 8.7 million members have indicated their intention to oppose the government's policy, and it is doubtful whether the unions favoring it can muster a majority of the votes. Prime Minister Wilson will make an unusual personal appeal at the opening session for support of this key element in the government's deflationary economic program.]

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Canada: [Barring a last-minute settlement, a nationwide railway strike is scheduled to begin on 26 August, and Parliament will meet in an emergency session on the 29th to seek an end to the walkout. The government may propose an increase in freight rates, which have been frozen since 1959, to help the railways meet the cost of a settlement. Coming at the peak of the wheat harvest, the strike could precipitate a domestic crisis and disrupt shipments to the Soviet Union and other large volume foreign buyers of Canadian grain.]

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Argentina: [President Onganía sees no basic differences of opinion among the military and that he believes that key military leaders understand what he is trying to do. He said he realizes military unity is the key to the success of his administration and that if he can retain the confidence of the armed forces the country will move ahead. Despite Onganía's apparent confidence,]

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[a few top generals, who are basically loyal to the President, disapprove of some government policies.]

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NATIONAL INTELLIGENCE ESTIMATE

The United States Intelligence Board on 25 August 1966 approved the following national intelligence estimate:

NIE 22-66, "French Foreign Policy"

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The Under Secretary of State for Political Affairs

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Supreme Allied Commander, Europe

Commander in Chief, Pacific

Commander in Chief, Atlantic

The Director, Defense Intelligence Agency

The Director, The Joint Staff

The Assistant Chief of Staff for Intelligence, Department of Army

The Director of Naval Intelligence, Department of Navy

The Assistant Chief of Staff, Intelligence, Department of the Air Force

The Department of Justice

The Attorney General

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